

30 Oct 2020

Masan Group (MSN)

3Q20 NPAT post-MI surged 4.4x qoq

Masan Consumer reached 32% yoy revenue growth in 3Q20

- On Oct 30, Masan Group released 3Q20 business results with optimistic results, compared to 2Q20 figures.
- Masan Consumer showed robustly positive business result as revenue grew 32.0% yoy, thanks to revenue increase of Seasonings (+26.1% yoy), Convenience foods (+27.5% yoy), Processed meat (+2.8x yoy). Besides, Home Personal Care's revenue contribution of VND385bn has contributed to elevated revenue growth of Masan Consumer in 3Q20.
- Masan Consumer reached VND1,499bn EBITDA (+43.6% yoy) in 3Q20 and 24.6% EBIT margin (+2.0%p yoy) thanks to improved gross margins of seasonings and beverages, coupled with lower operating expense ratio.

Masan MEATLife posted 32.7% yoy EBITDA growth in 3Q20

- Masan MEATLife reached revenue of VND4,210bn (+25.2% yoy) in 3Q20, thanks to revenue contribution of integrated meat business and feed revenue (+11.0% yoy).
- In 3Q20, standalone meat business revenue reached VND583bn, increasing 11.0% qoq, driven by 27% growth in sales of branded packaged meat. On the contrary, animal feed reached better recovery as both pig feed and poultry feed posted over 20% yoy revenue growth.
- Masan MEATLife delivered VND540bn EBITDA (+32.7% yoy) in 3Q20 and 12.8% EBIT margin (+0.7%p yoy).

VinCommerce posted -2.8% EBITDA margin in 3Q20

- VinCommerce reached revenue of VND7,864bn (+10.7% qoq) in 3Q20, mainly thanks to 38.4% qoq revenue growth of Vinmart+ chain and 5.4% qoq revenue growth of Vinmart chain.

	2017A	2018A	2019A	2020F	2021F
Sales (VND bn)	37,621	38,188	37,354	83,362	92,038
chg. (% YoY)	(13.1)	1.5	(2.2)	123.2	10.4
Operating profit (VND bn)	4,429	5,552	4,843	2,076	3,018
Net profit (VND bn)	3,103	4,916	5,557	1,143	1,946
EPS (VND)	2,700	4,539	4,766	978	1,665
chg. (% YoY)	66.9	68.1	5.0	(79.5)	70.2
EBITDA (VND bn)	7,039	8,257	7,591	6,902	8,020
PE (x)	30.8	18.4	17.6	85.9	50.4
EV/EBITDA (x)	10.9	10.4	11.2	12.3	11.0
PB (x)	6.6	3.3	2.3	2.3	2.2
ROE (%)	20.6	22.2	15.4	2.7	4.4
Dividend yield (%)	3.6	0.0	0.0	1.2	0.0

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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12M rating **Hold (Downgrade)**

Stock Data

VNIndex (30 Oct, pt)	925
Stock price (30 Oct, VND)	84,000
Market cap (USD mn)	4,257
Shares outstanding (mn)	1,175
52-Week high/low (VND)	87,900/49,000
6M avg. daily turnover (USD mn)	5.15
Free float / Foreign ownership (%)	36.7/35.9
Major shareholders (%)	
Masan JSC	31.2
GIC	13.3
Sun Flower Construction	13.2
SK Investment Vina	9.4

Performance

	1M	6M	12M
Absolute (%)	53.8	42.9	13.2
Relative to VNIndex (%p)	51.5	21.2	18.8

Stock price trend



Source: Bloomberg

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- VinCommerce recorded VND-221bn EBITDA and -2.8% EBITDA margin. VinCommerce's EBITDA margin improved 5.8% qoq thanks to:
 - Total commercial margin improvement (which takes into account both front and back margins), driven by better assortment, pricing policy and realization of supplier negotiation in 2020.
 - Operating cost improvement from both store operating cost and headquarter/back office cost.
 - Positive EBITDA margin of all Vinmart+ stores opened before 2019 and positive EBITDA margin at store level of Vinmart in Hanoi.

Masan High-Tech Materials made profit after tax in 3Q20

- Masan High-Tech Materials delivered VND2,503bn in 3Q20 (151.6% yoy). In aggregate 9M20, Masan High-Tech Materials posted net revenue of VND5,073bn (+37.7% yoy).
- Masan High-Tech Materials recorded EBITDA of VND1,007bn (-35.9% yoy) in 9M20, primarily due to low selling prices of tungsten and copper.
- Masan High-Tech Materials delivered NPAT post-MI of VND68bn in 9M20.

Masan Group's NPAT post-MI surged 4.4x qoq

- Masan Groups delivered VND20,214bn consolidated revenue (+125.4% yoy) and VND973bn consolidated NPAT (-59.9% yoy) in 3Q20.
- Masan Group delivered VND852bn NPAT post-MI in 3Q20, decreasing 61.8% yoy but increasing +337% qoq.

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